

PUBLIC DISCLOSURE

June 2, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Western Massachusetts

1391 MAIN STREET
SPRINGFIELD, MASSACHUSETTS 01101

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

NOTE:

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **THE BANK OF WESTERN MASSACHUSETTS** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **JUNE 2, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated " OUTSTANDING "

The Bank of Western Massachusetts (BWM) was evaluated on its performance under the Community Reinvestment Act according to the three performance tests of the CRA Large Institution Examination Procedures, including an evaluation of its Lending, Investment and Service performance.

The Bank of Western Massachusetts (BWM) demonstrates an excellent responsiveness to the credit needs of its assessment area based on the following findings.

Lending Test

A substantial majority of small business loans were extended inside the bank's assessment area. Lending levels reflect a strong responsiveness to assessment area credit needs.

The geographic distribution and the distribution by size of small business loans were excellent. The geographic distribution of small business loans substantially exceeded the aggregate. The distribution by size of the loans as a proxy for size of the business showed a substantial portion of loans being made to small and medium size businesses, with a substantial majority of loans extended to businesses with gross annual revenues of less than \$1 million.

Due to the bank's focus on business lending, less emphasis was placed on residential mortgage loans during this evaluation. The distribution of such loans by geography and

borrower income was somewhat below aggregate data, but was offset by the bank's performance in multi-family originations.

The bank has provided a substantial number of community development loans to organizations throughout its assessment areas.

The bank offers a wide variety of flexible lending programs for small businesses, in keeping with its focus on business lending. Flexible programs for homebuyers are also available through an affiliate.

Investment Test

BWM has made a significant number and dollar amount of investments throughout its assessment areas. These include traditional investment vehicles such as bonds, equity investments, and low-income housing tax credits, as well as providing funding which may not be available through traditional means. In addition, the bank has made a noteworthy level of contributions and grants to organizations that provide community development services throughout the assessment areas.

Service Test

The bank's delivery systems are accessible to all parts of its assessment areas. Retail products and services are designed to meet the needs of its local community and are available to individuals of all income levels.

The bank is a leader in providing community development services throughout its assessment areas.

LENDING, INVESTMENT, AND SERVICE TEST TABLE:

The following table indicates the performance level of **The Bank of Western Massachusetts** with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	THE BANK OF WESTERN MASSACHUSETTS		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

DESCRIPTION OF INSTITUTION:

The Bank of Western Massachusetts (BWM) is a state-chartered commercial bank headquartered in Springfield, Massachusetts. The bank, which was established in 1987, had total assets of \$518,847,000 as of December 31, 2002. In addition to its main office, BWM currently operates 12 branches in Amherst (1), Holyoke (1), Northampton (1), Springfield (2), Conway (1), Greenfield (2), West Hatfield (1), the village of Haydenville in Williamsburg (1), Shelburne Falls (1), and South Deerfield (1). The bank also operates an off-site ATM in South Deerfield. The bank's main office has been moved, and one branch has been opened since the last examination. On April 21, 2003 the bank officially moved its main office to 1391 Main Street, Springfield, Massachusetts and officially opened a branch office on April 28, 2003 at that location. The old location of the main office at 29 State Street is now considered a branch office.

At December 31, 2002, the bank reported total assets of \$518,847,000 of which \$396,034,000 or 76.3 percent was in loans. BWM is traditionally a commercial lender focusing on small businesses within the community. Commercial and commercial real estate loans make up approximately 74.7 percent of the bank's portfolio, with the remainder comprised of loans secured by residential 1-4 family real estate (11.6 percent), construction and land development loans (2.5 percent), consumer loans (1.5 percent), obligations of states or political subdivisions (6.0 percent), loans secured by multi-family properties (3.6 percent), and loans secured by farmland or for agricultural purposes represented less than one percent of the portfolio. BWM had an average loan to deposit ratio during the period under evaluation of 80.8 percent, which demonstrates the bank's capacity to serve the credit needs of its community. The composition of the loan portfolio at December 31, 2002, is detailed below:

Table 1 – Loan Distribution as of 12/31/02		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
<i>Construction and Land Development</i>	10,068	2.5%
<i>Secured by Farmland</i>	745	0.2%
<i>1-4 Family Residential</i>	45,804	11.6%
<i>Multi-Family (5 or more) Residential</i>	14,167	3.6%
<i>Commercial</i>	178,531	45.1%
Total Real Estate Loans	249,315	63.0%
<i>Commercial and Industrial</i>	117,240	29.6%
<i>Agricultural</i>	51	-0-
<i>Consumer</i>	5,852	1.5%
<i>Municipal and Other</i>	23,576	6.0%
Total Loans	396,034	100%*

Source: Report of Condition 12/31/2002

*Does not add to 100 due to rounding.

BWM operates in a very competitive environment. Within the communities that the bank has included in its assessment area, 42 banks and credit unions operate one or more branches. This does not take into account mortgage companies and other lenders, which are also active in the area.

BWM is a wholly owned subsidiary of Chittenden Corporation, a five-bank holding company based in Burlington, Vermont. Chittenden Corporation also owns Chittenden Trust Company which operates as Chittenden Bank in Vermont. Chittenden Bank originates mortgages that qualify for the secondary market as Mortgage Service Center of New England (MSC) throughout Vermont, New Hampshire and Massachusetts. Chittenden Corporation also owns Flagship Bank and Trust Company of Worcester, Massachusetts, Ocean National Bank of Kennebunk, Maine, Granite Bank, Keene, New Hampshire, and Maine Bank and Trust, Maine. Chittenden Trust Company had assets of approximately \$3.1 billion as of December 31, 2002; Flagship, Ocean, Granite, and Maine had total assets of approximately \$720 million as of the same date.

DESCRIPTION OF THE ASSESSMENT AREAS

Each financial institution must select an assessment area within which it will concentrate its lending efforts. The FDIC evaluates an institution's CRA performance based on this assessment area. Generally, assessment areas should consist of Metropolitan Statistical Areas (MSAs) or contiguous political subdivisions such as counties, cities, or towns. Further, an assessment area should not arbitrarily exclude any low- or moderate-income area(s) taking into consideration the institution's size and financial condition.

BWM has identified two assessment areas in Massachusetts. Assessment Area One includes 28* cities and towns in central Massachusetts that are within the Springfield, Massachusetts Metropolitan Statistical Area (MSA). Assessment Area Two is comprised of 16* cities and towns in north central Massachusetts, all of which are located in Franklin County and are outside of any MSA.

** Seven of the towns included in Assessment Area One and Assessment Area Two share the same census tract, 408.00 and 8226.00. The town of Sunderland which is part of the Springfield MSA shares the census tract 408.00 with the town of Whately that is part of a Non-MSA. The towns of Williamsburg and Huntington which are part of the Springfield MSA share the census tract 8226.00 with the towns of Chesterfield, Goshen and Westhampton that are part of a Non-MSA.*

Assessment Area One , as currently defined, encompasses the following cities and towns in central Massachusetts: Agawam, Amherst, Belchertown, Chesterfield, Chicopee, East Longmeadow, Easthampton, Goshen, Granby, Hadley, Hampden, Hatfield, Holyoke, Huntington, Longmeadow, Ludlow, Northampton, South Hadley, Southampton, Southwick, Springfield, Sunderland, West Springfield, Westfield, Westhampton, Whately, Wilbraham, and Williamsburg. All except Chesterfield, Goshen, Westhampton and Whately are in the Springfield, MA Metropolitan Statistical Area (MSA). The assessment area includes 114 census tracts of which 13 are categorized as low-income, 14 as moderate-income, 58 as middle-income, 23 as upper-income, and 6 tracts lists income as not available. Low-income tracts are located in Springfield (8), Holyoke (4), and Amherst (1). Moderate-income tracts are located in Springfield (8), Chicopee (2), and one each in Holyoke, West Springfield, Westfield, and Amherst.

The six tracts designated as "income not available" are located in Springfield (1), Chicopee (1), South Amherst (1), and North Hampton (3) and are the homes of various colleges, nursing homes, mental hospitals and correctional facilities. Given the nature of the demographics and lending opportunities within these tracts, the tracts were deleted from the analysis.

According to the 1990 census, the population of the assessment area totals 560,625, and contains 140,020 family households of which 21.2 percent are low-income, 16.3 percent are moderate-income, 24.1 percent are middle-income, and 38.4 percent are upper-income. Of 215,255 housing units located in the assessment area, 76.9 percent are 1-4 unit structures and 56.4 percent are owner-occupied. A wide range of housing prices are available in the MSA with median prices for the calendar year 2002 ranging from \$52,800 in rural Goshen to \$232,500 in Longmeadow. The median price in Springfield for the same period was \$90,000.

The City of Springfield, the largest city in Western Massachusetts, and the adjacent cities of Chicopee and Holyoke dominate the assessment area. Springfield's economy is flat. Most local industries are contracting with the exception of education and health, retail and government. Poor job growth continues to push up the local unemployment rate, but is still below the statewide rate. Local officials continue to work on a number of projects aimed at increasing tourism to the area, including the recent completion of the Basketball Hall of Fame and improving the downtown area of Springfield.

The metropolitan area is home to a number of colleges and universities including the University of Massachusetts and Amherst College in Amherst, Smith College in Northampton, and Hampshire and Mount Holyoke Colleges. Major employers in the assessment area include MassMutual Financial Group, Baystate Medical Center, Big Y Supermarkets Incorporated, Milton Bradley and Yankee Candle Company, as well as several hospitals and local municipalities.

Assessment Area Two includes the towns of Ashfield, Bernardston, Buckland, Charlemont, Colrain, Conway, Deerfield, Gill, Greenfield, Hawley, Heath, Leyden, Monroe, Montague, Rowe, and Shelburne. All of the towns are located in Franklin County and none are located in an MSA. The area contains only 10 census tracts of which 2 are classified as moderate-income, 7 as middle-income, and 1 as upper-income. There are no low-income tracts in Assessment Area 2. The 2 moderate-income tracts are located in the Town of Greenfield.

According to 1990 census information the area has a total population of 47,848 and contains 12,716 households that are families, of which 20.0 percent are low-income, 18.2 percent are moderate-income, 27.0 percent are middle-income, and 34.8 percent are upper-income.

The assessment area contains 20,903 housing units of which 84.3 percent are 1-4 family structures and 58.9 percent are owner-occupied. Housing costs in the area are reasonable with most towns listing median housing prices ranging from \$30,000 to \$140,000. Although new housing permit activity is low, permits have remained steady in Franklin County at between 83 and 104 annually over the past two years.

The largest employers in the area include Franklin Medical Center in Greenfield, Yankee Candle Company in South Deerfield, and several private schools and community colleges. Many towns in the area remain rural and agriculture is still strong.

Unemployment rates in Franklin County have generally remained below the state average and stood at 4.1 percent as of the fourth quarter of 2002. Employment growth is minimal and well below that of the counties which make up Assessment Area 1.

Combined Assessment Area

Prior to the merger with United Bank in September 1999, BWM had identified a single assessment area, which corresponded to the current Assessment Area One plus the non-MSA town of Deerfield. With the merger and the addition of a second assessment area, Deerfield was moved into Assessment Area Two. For the purposes of this performance evaluation, the lending, investment, and service performance test is analyzed using the combined assessment area.

Community Contacts

Two community contacts were made during the evaluation period. The first contact was with an economic development corporation for community-based economic development. The interviewee stated that there were numerous opportunities for banks to support affordable housing, economic, and work force development. The contact was also concerned about the need for financial literacy training, and low cost efficient banking services throughout the greater Springfield area. He was concerned with the lack of affordable housing in the suburbs. One goal of his organization was to provide financial assistance to start up businesses in the form of a revolving loan fund partnering with local financial institutions.

The second contact was with a community housing development organization. The interviewee stated almost the identical concerns that the economic development corporation interviewee did regarding the need of affordable housing and the need for financial literacy training. Of particular concern of the interviewee was the need for educating the community in respect to obtaining credit from questionable lenders.

Identified Credit Needs in Assessment Area

The common thread running through interviews with community contacts was that lenders should support community development projects that increase the area's affordable housing stock and strengthen the economic opportunities for lower paid workers. Additionally, lenders need to develop innovative and flexible credit products that help lower-income borrowers to purchase a home, as well as flexible credit terms for first time homebuyers, who may not have a down payment or who have had credit problems in the past. Finally, the financial community needs to support the financial educational activities of community groups who are helping first-time homebuyers and consumers with credit problems.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The Lending Test evaluates a bank's record of helping to meet the credit needs of its assessment area, including any low- and moderate-income census tracts. The bank's lending performance is evaluated pursuant to the following criteria: (1) the level of lending, (2) the number and amount of loans in the assessment area, (3) the geographic distribution of loans, (4) the distribution of loans based on borrower income characteristics, (5) the record of community development lending, and (5) the use of innovative or flexible lending practices. The bank's performance under the Lending Test has been assigned a rating of "Outstanding."

A significant portion of the bank's loan portfolio is comprised of commercial real estate loans and commercial and industrial loans. Therefore, this analysis places most weight on the bank's small business loan lending performance. This evaluation includes a review of the bank's commercial lending, specifically, small business, small farm loans, home mortgage loans, and at the option of the bank, its consumer loans. Information concerning the bank's small business lending, and consumer loans was obtained from the CRA Data Report. The bank's Home Mortgage Disclosure Act (HMDA) Disclosure Statement for 2001, and HMDA Loan Application Register (LAR) for 2002 provided information on residential mortgage lending. This evaluation considered data for the two years covering the period January 1, 2001, through December 31, 2002. Appendix E contains tables that reflect the bank's lending volume and make comparisons to demographic data as well as aggregate lending data for 2001. Lending data has been combined for the evaluation period for simplicity.

Distribution of Loans Inside and Outside of the Assessment Areas

Lending levels reflect an excellent responsiveness to assessment areas credit needs. The distribution of all lending reflects that a substantial majority occurred within the assessment areas. Bank of Western Massachusetts originated 2,193 loans totaling \$191,983,000 during the evaluation period within its assessment areas. Table 2 illustrates the distribution of this lending performance inside and outside of the assessment areas. As the table shows, 90.5 percent, of all loans were originated within the assessment areas demonstrating BWM's commitment to the credit needs of its community.

Table 2– Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<i>Small Business</i>										
2001	557	93.1	41	6.9	598	65,565	89.3	7,875	10.7	73,440
2002	564	90.0	63	10.0	627	58,123	81.0	13,645	19.0	71,768
<i>Subtotal</i>	<i>1,121</i>	<i>91.5</i>	<i>104</i>	<i>8.5</i>	<i>1,225</i>	<i>123,688</i>	<i>85.2</i>	<i>21,520</i>	<i>14.8</i>	<i>145,208</i>
<i>Small Farm</i>										
2001	3	100.0	0	0.0	3	38	100.0	0	0.0	38
2002	2	100.0	0	0.0	2	30	100.0	0	0.0	30
<i>Subtotal</i>	<i>5</i>	<i>100.0</i>	<i>0</i>	<i>0.0</i>	<i>5</i>	<i>68</i>	<i>100.0</i>	<i>0</i>	<i>0.0</i>	<i>68</i>
<i>Home Mortgage</i>										
2001	31	68.9	14	31.1	45	4,190	70.6	1,744	29.4	5,934
2002	29	93.5	2	6.5	31	3,847	96.6	137	3.4	3,984
<i>Subtotal</i>	<i>60</i>	<i>79.0</i>	<i>16</i>	<i>21.0</i>	<i>76</i>	<i>8,037</i>	<i>81.0</i>	<i>1,881</i>	<i>19.0</i>	<i>9,918</i>
<i>Consumer</i>										
2001	460	91.5	43	8.5	503	25,649	82.9	5,295	17.1	30,944
2002	547	89.1	67	10.9	614	34,541	90.7	3,540	9.3	38,081
<i>Subtotal</i>	<i>1,007</i>	<i>90.2</i>	<i>110</i>	<i>9.8</i>	<i>1,117</i>	<i>60,190</i>	<i>87.2</i>	<i>8,835</i>	<i>12.8</i>	<i>69,025</i>
Total	2,193	90.5	230	9.5	2,423	191,983	85.6	32,236	14.4	224,219

GEOGRAPHIC DISTRIBUTION

A factor considered in the analysis of the bank's lending distribution is to determine the dispersion of loans among geographies that comprise the bank's assessment areas. The most weight in this criterion is placed on the bank's lending to businesses of different revenues within low- and moderate-income geographies.

Home Mortgage Loans

BWM has shown an excellent response to the overall credit needs of low- and moderate-income census tracts throughout its assessment areas. The bank's overall percentage distribution of home mortgage loans throughout the assessment areas significantly exceeds aggregate data in low- and moderate-income census tracts. Additionally, the bank's overall percentage distribution of home mortgage loans throughout the assessment areas exceeded the percentage of owner occupied and or multi-family housing units within LMI census tracts.

The bank's distribution of home mortgage loans for the purpose of purchase or refinance throughout the assessment area is commensurate to aggregate data in low-income census tracts and significantly exceeds aggregate data in moderate-income census tracts. Additionally, the bank's distribution of the percentage of these home mortgage loans throughout the assessment area is commensurate to the percentage of owner occupied housing units in low-income census tracts and exceeded the percentage of owner occupied housing units within moderate-income census tracts. Performance in this criterion is considered good considering that BWM is not a major originator of home mortgages (mortgage applications received by the bank are processed through its affiliate), and the fact that the bank has chosen to concentrate its resources on commercial and small business lending in its assessment area. FFIEC Tables 2a and 4a illustrates the bank's distribution of home purchase and home refinance loans by income category of the census tracts within its assessment area.

The bank's performance in the distribution of home mortgage, multifamily loans by income category of the census tracts within its assessment areas is excellent. The distribution of loans throughout the assessment areas significantly exceeds aggregate lending data for low- and moderate-income tracts. Additionally, the bank's percentage distribution of these multifamily home mortgage loans throughout the assessment areas is commensurate to the percentage of multifamily housing units in low-income census tracts and significantly exceeds the percentage of multifamily housing units within moderate-income census tracts. FFIEC Table 5a illustrates the bank's distribution of multifamily loans by income category of the census tracts within its assessment areas.

Small Business Loans

BWM has shown an excellent response to the credit needs of small and medium-size businesses throughout its assessment areas. The bank's percentage distribution of small business loans throughout the assessment areas significantly exceeded aggregate lenders in low- and moderate-income (LMI) census tracts. Additionally, the bank's percentage distribution of small business loans throughout the assessment areas exceeded the percentage of businesses within LMI census tracts.

The bank originated 27.1 percent of all of its small business loans in low- and moderate-income census tracts. This performance is excellent considering that these census tracts represent only 23.7 percent of the number of businesses located in the bank's assessment areas, and aggregate lending data shows that all other lenders only originated 20.9 percent of their small business loans in these tracts. FFIEC Table 6a details the geographic distribution of small loans to businesses.

The geographic distribution of small loans to farms was excluded from the analysis due to the urban nature of the bank's assessment area and the fact that the bank only originated five small farm loans, a number too small to form any useful performance opinion. FFIEC Table 7a details the geographic distribution of small loans to farms

Note: In addition to the small business loans listed in these tables the bank originated 197 loans totaling \$35,657,000 to businesses secured by residential real estate mortgages. FFIEC Table 1 Other Products include them in the total optional loans and are not part of this analysis with the exception of being added to the total loans originated within the bank's assessment areas.

Consumer Loans

The bank's distribution of consumer loans by income category of the census tracts within its assessment areas is reasonable. The distribution of consumer loans throughout the assessment area is below the total number of households for low- and moderate-income tracts. Performance in this area is considered reasonable considering that low- and moderate-income census tracts make up only 23.3 percent of their assessment area, and BWM is not a major originator of consumer loans, and having chosen to concentrate its resources on commercial and small business lending in its assessment area. FFIEC Table 13 illustrates the bank's distribution of consumer loans by income category of the census tracts within its assessment area.

BORROWER CHARACTERISTICS

This performance criterion analyzes lending to businesses of different revenue levels and to borrowers of different income levels. The most weight in this criterion is placed on the bank's lending to businesses of different revenue levels.

Home Mortgage Loans

The lending level to low- and moderate-income families is considered reasonable considering that BWM is not a major originator of home mortgages (mortgage applications received by the bank are processed through its affiliate), and the fact that the bank has chosen to concentrate its resources on commercial and small business lending in its assessment areas.

BWM's distribution of home purchase loans to low- and moderate-income borrowers is below the percentage of low- and moderate-income families in the assessment area and aggregate lending data. FFIEC Table 8a details the distribution of home purchase mortgage loans by income level of the borrower.

BWM did not originate any home mortgage refinance loans to low-income borrowers. The distribution of home refinance loans to moderate-income borrowers significantly exceeded the percentage of moderate-income families in the assessment area and significantly exceeded aggregate lending data. FFIEC Table 10a details the distribution of home mortgage refinance loans by income level of the borrower.

Small Business Loans

BWM has shown an excellent response to the credit needs of small businesses. Approximately 64.0 percent of all small business loans originated were to businesses with revenues of \$1 million or less. Additionally, the bank's percentage of small business loans to businesses with revenues of \$1 million or less significantly exceeds aggregate lending data.

The bank has an excellent record of originating small business loans to businesses with gross annual revenues of \$1 million or less. During the review period, the bank originated 1,121 small business loans in its assessment areas. Of the 1,121 loans, 63.8 percent of the loans were to businesses with gross annual revenues of \$1 million or less which also exceeds aggregate lending data of 41.8 percent. Loan size is another consideration analyzing lending performance to small businesses. Smaller businesses normally require smaller loans. Loans less than \$100,000 accounted for 71.7 percent of the bank's small business loans, loans greater than \$100,000 to \$250,000 accounted for 17.2 percent, and finally, loans greater than \$250,000 to \$1 million accounted for only 11.1 percent of the volume. FFIEC Table 11a details the borrower distribution of small loans to businesses.

The geographic distribution of small loans to farms was excluded from the analysis due to the urban nature of the bank's assessment area and the fact that the bank only originated five small farm loans, a number too small to form any useful performance opinion. FFIEC Table 12a details the geographic distribution of small loans to farms.

Note: In addition to the small business loans listed in these tables the bank originated 197 loans totaling \$35,657,000 to businesses secured by residential real estate mortgages. FFIEC Table 1 Other Products include them in the total optional loans and are not part of this analysis with the exception of being added to the total loans originated within the bank's assessment area.

Consumer Loans

The level of lending to low-income borrowers is commensurate to the percentage of households that are low-income. Lending to moderate-income borrowers significantly exceeds the percentage of households that are moderate-income. Performance in this area is considered good considering that BWM is not a major originator of consumer loans and having chosen to concentrate its resources on commercial and small business lending in its assessment area.

BWM's distribution of loans to low-income borrowers was slightly below the percent of low-income households in the assessment area, while the distribution to moderate-income borrowers significantly exceeded the proportion of moderate-income households. FFIEC Table 13 details the distribution of consumer loans by income level of the borrower.

COMMUNITY DEVELOPMENT LENDING

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under the small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment areas.

BWM has provided a significant volume of loans to various organizations for community development purposes. Analysis of FFIEC Table 1- Lending Volume shows the bank has originated 12 community development loans totaling over \$4,337,600. In addition to the loans in FFIEC Table 1, the bank originated 4 community development type loans totaling \$264,000 to purchase multifamily dwellings in low- and moderate-income communities that provide affordable housing to low- and moderate-income families.

While the majority of these community development loans were originated within the greater Springfield area, many are to organizations that benefit the entire Pioneer Valley area. The level of lending demonstrates the bank's commitment to supporting community development throughout its assessment areas. The following are details of the loans.

In February 2001, BWM granted a credit facility to a non-profit corporation, which serves individuals with developmental disabilities and their families. The organization is funded primarily with two large contracts with the Massachusetts Department of Retardation (DMR) to provide residential services and community living support to individuals and families of individuals with developmental disabilities. It also acts as a pass through agency for DMR payments to individuals. The loan was a \$50,000 Line of Credit for working capital secured by all business assets.

In March 2002, the bank granted a \$727,600 commercial mortgage to a non-profit human service 501C organization that was established to address the needs for safe, decent and affordable housing for low-income households, homeless residents and disabled adults. This commercial mortgage was used to purchase and renovate a facility in Easthampton to be used to provide safe and supportive housing for homeless veterans of the U.S. Armed Forces.

In 2001 and 2002, the bank granted four credit facilities totaling \$3,010,000 to a non-profit organization that serves the Greater Springfield area by providing residences and residential treatment programs for mentally handicapped and developmentally disabled men and women. The organization acquires, rehabs, and operates apartment complexes and group homes under Section 202 and Section 811 of the National Housing Act. One credit facility originated in 2001, a commercial mortgage of \$1,100,000 was used to purchase a property in Springfield to house the headquarters of the organization. In 2002 the bank refinanced and increased that loan to \$1,440,000 to cover additional renovation to the property. The other two credit facilities were a \$360,000 guidance line of credit to be used to support future purchases of group homes, and an equipment term loan for \$110,000 to purchase computer equipment.

In February 2001, the bank granted two credit facilities totaling \$445,000 to a 501C, non-profit organization that provides educational, clinical, and pre-vocational services to emotionally disturbed and behaviorally disordered youth throughout western Massachusetts. In addition, the agency offers training opportunities and resources to professionals who work with this same "at risk" population. Striving to offer children/adolescents the skills and awareness necessary to succeed in less restricted, more normalized surroundings, this organization has received numerous local commendations from the Massachusetts Department of Education as well as national and international recognition for its success in achieving these goals via special school and residential settings. Both of these credit facilities were lines of credit to be used to support working capital needs.

In March 2001, the bank granted a \$105,000 working capital loan to a non-profit corporation that provides residential assistance, family support, and specialized staff training to individuals (and their family members) that are considered mentally retarded and/or developmentally delayed/challenged. The Massachusetts Department of Mental Retardation contracts with this agency to provide these programs.

The bank provides loans through the **Massachusetts Housing Partnership (MHP)**, an organization established by the Massachusetts Legislature in 1985 to provide financing for qualified housing projects. MHP provides communities, local housing partnerships and nonprofit and for-profit developers with technical assistance and below market financing to create rental housing and homeownership opportunities to revitalize and stabilize neighborhoods. The types of projects that serve a qualified community development purpose include affordable rental housing, limited equity cooperatives, affordable home ownership programs, tenant management programs, and tenant ownership programs in state funded public housing developments. As part of the acquisition of The Bank of Western Massachusetts by Chittenden Corporation, The Bank of Western Massachusetts was required to lend 0.9% of its total assets to this organization, on an as needed basis, over a ten-year period. No projects were financed during the period under review that qualified as community development loans.

In 1995, The Bank of Western Massachusetts' original commitment to MHP was for \$1,927,656. As of June 2, 2002, the bank had \$1,432,397 in loans outstanding to this organization.

INNOVATIVE OR FLEXIBLE LENDING PRACTICES

BWM participates in a number of loan programs aimed at meeting the credit needs of small businesses and low-and moderate-income homebuyers. These programs are described below. As would be expected based on the bank's focus on commercial lending, the majority of these programs are aimed at small and medium size businesses.

Small Business Administration (SBA) Low-Doc Program

The SBA provides financial, technical and management assistance to aid individuals to start-up, manage, and expand businesses. The SBA's Low-Doc Program is an expedited process providing small business loans up to \$150,000 with a 48-hour turn around time. The SBA guarantees up to 85 percent of these loans. In 2001, BWM originated \$316,000 in loans under the Low-Doc Program. In 2002, \$414,000 in Low-Doc loans was originated.

SBA 504 Program

The SBA 504 Program offers a guarantee of up to 50% of the small business loan. BWM originated \$1,067,000 in 2001, and granted \$5,115,000 in 2002 in 504 Program loans.

Massachusetts Business Development Corporation (MBDC)-Capital Access Program (CAP)

BWM utilizes MBDC's Capital Access Program (CAP). As with MBDC's other programs, CAP assists small businesses in gaining access to financing that they might not otherwise qualify for conventionally. CAP makes available several types of financing such as Lines of Credit, Letters of Credit, and loans that are too small for SBA financing. In 2001, the bank originated \$1,215,752 and in 2002 originated \$526,357 in loans under CAP.

United States Department of Agriculture (USDA) Rural Development Program

BWM offers small business and small farm loans through the USDA's Rural Development Program. The program guarantees up to 90% of the loans, and offers loans of unlimited dollar amounts. However, no loans have been granted under this program.

City of Springfield HUD Guarantee Program

In 1999, BWM became an approved lender under this program. The City of Springfield manages the program, and the loans granted under this program must be geared toward low-income areas of the city. No loans were granted under this program during the review period.

Residential Mortgage Loan Products

The Bank of Western Massachusetts offers, through its affiliate, the Mortgage Service Center of New England, a variety of first time homebuyer products under MHFA, FNMA Community Homebuyer, and FHA programs. In addition, the bank, through its affiliate, offers FNMA's 2/3 Family Pilot, its 97, and its 3/2 Option programs.

Lending Test Conclusions

BWM has demonstrated an excellent responsiveness to the assessment areas credit needs. A substantial majority of the bank's loans were within the assessment areas. In addition, the geographic distribution of loans reflects an excellent penetration throughout these areas. Based upon a review of small business, home mortgage and consumer lending, the bank achieved an excellent penetration among retail customers of different income levels and among business customers of different revenue levels. BWM has a strong record of community development lending and has developed

innovative and flexible loan products to address the community developments needs of its communities.

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. The Bank of Western Massachusetts is rated "Outstanding" in this area based upon investment in a regionally based venture capital fund, a revenue bond, and investment in an equity fund. The following describes the institution's qualified investments.

Investments

Massachusetts Ventures Equity Fund. L.P

The bank has fully funded its share of \$250,000 to Mass Ventures Equity Fund, L. P. The equity fund is a limited partnership organized under the laws of Delaware. The partner, Kestrel Ventures, L.L.C. manages the operations of the partnership. The partnership's purpose is to invest between \$250,000 and \$1,000,000 in promising growth companies in diverse industries and stages of development located throughout the Pioneer Valley Region. As of May 31, 2003, the book value on this investment was \$200,000.

Massachusetts Development Finance Agency (Revenue Bond)

In April 2000, the bank purchased a \$2 million dollar revenue bond designated as the Children's Study Home. The bond helped finance the renovation of the Mill Pond Campus of the Springfield Home for Friendless Women and Children, Inc, d/b/a Children's Home Study. The "Mill Pond Campus" consists of 14 units for homeless women and their children. All of the families are low income. In addition, the women will be supported through educational and life skills programs as well as therapy and counseling. As of July 19, 2003, the book value of this investment was \$1,885,558.

Massachusetts Housing Investment Corporation/Massachusetts Housing Equity Fund 2001 LLC

During 2003, the bank invested \$ 510,000 in the Massachusetts Housing Equity Fund 2001 LLC (The Investment Company). The Investment company was formed in December 2001 to finance the acquisition of operating limited partnerships formed to acquire, rehabilitate, construct, operate, and manage multifamily properties located throughout Massachusetts, including the bank's assessment area. The operating limited partnerships are expected to qualify for federal low-income housing tax credits.

Other

Bank of Western Massachusetts removed two investments from its books during the period examined. One of those investments was a certificate of deposit from the D Edward Wells Federal Credit Union which was closed by federal regulators in 2003. The certificate of deposit was subsequently liquidated by the National Credit Union Association. The other investment was a \$155,000 Massachusetts Development Finance Agency (MDFA) Bond, which was retired on July 1, 2002. This bond helped to finance the construction of a special needs high school for emotionally disturbed children/adolescents, of which the majority are from low and moderate-income families.

Charitable Grants

The bank has provided qualified charitable contributions to organizations that provide education and training, affordable housing, youth programs, health and human services for individuals in need and also support community and economic development needs. A total of \$105,609 in qualified grants was identified during the period of this evaluation. This represents approximately 28.6 % of all contributions made during the evaluation period. The following are examples of these contributions:

- **Greater Springfield Habitat for Humanity:** The bank continues its financial support through its sponsorship of this organization that builds affordable housing for low and moderate-income residents.
- **Boys and Girls Club of Greater Holyoke** is a non-profit organization that provides recreational, educational, and preventative programs that enhance the quality of life for disadvantaged youth and their families.
- **Friends of Hampshire County Homeless** is an organization aimed at meeting the needs of the homeless throughout Hampshire County. The bank's donation will be used to help fund the organization's cot shelter.
- **North End Community Center** is a non-profit organization, which serves many of Springfield's North End residents. The donation to the center helped support its "Summer Fun and Adventure Program" which serves 75 low-income, predominately Hispanic children for 6 weeks during July and August.
- **Highland Valley Elder Services** is a non-profit organization that provides financial advisory services, along with other social services, to low and moderate-income elderly citizens in the Western Massachusetts area.
- **The Children's Study Home** provides housing for low and moderate-income women and children as well as life skills programs and therapy.

- **Martin Luther King Community Center** is located in the Mason Square area of Springfield. The bank provided a grant to the computer learning center for inner city youth. The center primarily serves low and moderate-income residents.
- **Franklin County Community Development Corporation** enhances the quality of life for low and moderate-income individuals through efforts at job creation and retention. The CDC provides education and training for self-employment and technical assistance to new and existing small businesses.
- **Gray House Inc.** operates a food pantry to serve as a source of emergency food for those in need and a thrift store providing free and low cost clothing and some household goods to adults and children.
- **Western Mass Enterprise Fund** administers a micro-enterprise loan fund that provides loans of \$20,000 or less as well as providing technical assistance and training to its clients.
- **YMCA of Western Massachusetts** capital campaign project designed to transform 7 acres in Springfield into a campus for battered women and children and at-risk youth from across the region.

The Bank of Western Massachusetts made several other qualified contributions or charitable grants to community organizations serving the needs of low and moderate-income people. Those non-profit organizations receiving support included **Mark's Meadow Elementary School, Springfield Boys and Girls Club, Ludlow Boys and Girls Club, the Food Bank of Western Massachusetts, the Association for Community Living, the Hatfield Food Bank, and the Dunbar Community Center.**

Although they are not considered qualified donations under CRA, many other grants and donations were made to organizations or causes which benefited the communities within the assessment areas in a number of ways.

Conclusion - Investment Test

As depicted above, The Bank of Western Massachusetts has a significant level of qualified community development investments and grants, and has exhibited an excellent responsiveness to credit and community economic development needs. Therefore, the bank's investment performance is rated "Outstanding".

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The Bank of Western Massachusetts's service activities are "Outstanding".

The bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment areas. The bank's low cost checking and savings accounts, as well as the convenience of its automated telephone banking system service, are tailored to the needs of its assessment areas.

Officers and employees of the bank have provided an excellent level of service activity in response to community needs. Retail banking services and products offer consumers flexibility and convenience. In addition, officers and employees of the bank provide an excellent level of involvement in community organizations located throughout its assessment area. The following details the institution's services.

Retail Banking Services

Distribution of Branches

The Bank of Western Massachusetts, a Massachusetts chartered institution, is headquartered in downtown Springfield, at 1391 Main Street, which is designated as a moderate-income census tract. In addition to its main office, the bank operates 12 full service offices in the following communities: Amherst, Conway, Eastfield, Greenfield (2), Hatfield, Haydenville, Holyoke, Northampton, Shelburne Falls, Springfield, and South Deerfield. Seven of its branch offices are located within the Springfield MSA while five branch offices are located in non-MSA communities within Franklin County. The majority (9) of the bank's branch locations are located in middle-income geographies. The bank's branches located in downtown Greenfield and on State Street in Springfield are located in moderate-income census tracts, while the Hatfield office is located in an upper-income census tract.

Record of Closing Branches

The bank maintains a Branch Closing Policy. The plan outlines basic procedures to be followed should the decision be made to close an office. No branch offices have closed since the last Commonwealth of Massachusetts Division of Banks and FDIC examination dated May 22, 2000. The bank did close its freestanding ATM located at Yankee Candle in South Deerfield in October 2001. The bank opened a new branch at its new headquarters at 1391 Main Street in Springfield on April 28, 2003.

Alternative Banking Services

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the bank's assessment area. All of the full service offices offer extended hours during the week, are open Saturday mornings except the main office, Downtown Greenfield, and Conway. All the branches are equipped with 24 hour Automated Teller Machines (ATMs). In addition, all of the branches have drive-up ATMs except for the main office. The ATMs are linked to the CIRRUS, NYCE, PLUS, VISA®/MASTERCARD®, AND AMERICAN EXPRESS® networks. The bank is a member of the SUM network that allows the bank's ATM cardholders free use at member institution ATMs.

The bank's Visa Card (debit card) performs all of the same functions as an ATM card plus acts as a VISA card. When the debit card is used to make purchases at any merchant displaying the VISA symbol, the amount of the purchase is directly withdrawn from the customer's checking account. There is no fee charged to customers who use the debit card.

Currently, there are 22 bilingual employees to assist the non-English speaking customers and potential customers at the bank. Second languages include Albanian, Arabic, Chinese, French, Indian, Iranian, Italian, Philippine, Portuguese and Spanish. As a result, the bank is able to provide better service to customers of different ethnic backgrounds.

The bank offers customers 24-hour account access through its automated telephone banking system known as Access 24. By utilizing the bank's phone banking, customers can obtain balance information and account history, execute transfers between accounts, and make loan payments and inquiries. Loan and deposit rates, product information, and office locations and hours are also available.

The bank also operates a customer service center, Monday through Friday from 8:00 am to 5:00pm. A toll free number allows customers the ability to inquire about account balances, account history, transfer funds, and interest rate quotes.

Bank by mail service is also provided to all of the bank's customers and prospective customers. Customers commonly use this service to mail in deposits and loan payments. The bank does not charge a fee for this service and postage paid envelopes are furnished to customers.

In addition to the above options, the bank also hosts a website at www.bankwmass.com. The site allows customers access to information on and banking services and products, investment products and services, branch locations and hours of operations. The site also allows users to get a mortgage rate request form, as well as an investment profiler.

Other Services

As a participant in the Massachusetts Community and Banking Council's (MCBC) Basic Banking Program, the Bank of Western Massachusetts offers low cost savings and checking accounts. The following details the low cost savings and checking accounts offered by the bank.

Basic Checking: The Basic Checking Account requires no monthly minimum balance. There is a \$3.00 monthly fee, which covers 10 checks or non-ATM transactions per statement period. An ATM or debit card is available with this account as well as all other checking products offered. In addition, all transactions on bank-owned ATMs are free.

Basic Business Checking: This account offers business customers no minimum balance requirement. This account allows 40 checks to be written or deposited each month (for an \$8.00 monthly fee) and a 40 cents per check charge over this limit.

Statement Savings Account: This account is free of service charges with an average available balance of \$200.00. If the balance falls below \$200, a \$2.00 monthly fee will be assessed. A minimum balance of \$10.00 must be maintained to earn interest.

The Bank of Western Massachusetts is also involved in the Commonwealth of Massachusetts "Savings Makes Cents" program. The goal of this program is to teach children the basics of how to manage their funds.

For the period under review, The Bank of Western Massachusetts paid interest to IOLTA totaling \$25,389. Attorneys and law firms maintain these accounts for the short term holding of client's funds. Interest earned on these accounts is remitted to the IOLTA committee, which distributes funds to local charities to provide low or no cost legal services to low-income individuals.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for community developments purpose and is related to the provision of financial services. The Bank of Western Massachusetts' qualified community development services demonstrate an excellent level of community development service with many of the bank's officers providing their technical expertise, experience and judgment to these organizations. The qualified community development services are detailed in the following descriptions.

Western Massachusetts Enterprise Fund (WMEF): The WMEF is a consortium of community development corporations that supports the development of entrepreneurial skills through technical assistance and provides access to non-traditional/non-bank financing vehicles. The bank administers a micro-enterprise loan fund, which provides

loans of \$20,000 or less. The bank's President serves as a member and the bank's Vice President of Commercial Lending serves as a board, finance committee, and loan committee member.

Mass Ventures Inc. is a venture development organization whose purpose is to help build high growth companies in Western Massachusetts. The organization started in 1994 as a spin-off enterprise of the Pioneer Valley Plan for Progress. The corporation represents a collaboration of the region's academic and business leaders and its technological, academic, management, and capital resources. Mass Ventures Equity Fund, L.P, an affiliate, of Mass Ventures, provides venture capital financing directly to emerging companies. The Chairman of the Board of the Bank of Western Massachusetts and the bank's President serves as directors of Mass Ventures Inc.

Women's Fund of Western Massachusetts is dedicated to increasing resources and opportunities for all women and girls in the four counties of Western Massachusetts. The WFWM raises money to build long-term financial resources for women and girls. It builds strong women's programs through grant making and technical assistance. It also promotes empowerment and leadership in women and girls and educates women about money and philanthropy. The bank's Senior Vice President serves on many of its financial and community development committees.

Greenfield YMCA's policy is not to deny anyone from joining or participating in programs due to a lack of funds. The organization offers financial assistance and work/trade arrangements to assist families and individuals. The YMCA is the largest provider of after school day care in Franklin County and operated an active summer camp program. The bank's Senior Vice President serves on the board of directors and the fiscal committee of this organization.

Franklin County Community Development Corporation's mission is to enhance the quality of life for low and moderate-income individuals through efforts at job creation and retention. The CDC provides education and training for self-employment and technical assistance to new and existing small businesses. The CDC also provides "gap" financing to small businesses. The Vice-President of Consumer Lending serves as vice-chairman of the board and is chairman of the loan committee.

Better Homes for Springfield, Inc. is a non-profit housing development corporation based in the Mason area of the city. The organization's mission is to develop and maintain decent and affordable rental housing in the low-income neighborhoods around Mason Square. Better Homes for Springfield is a self-sustaining non-profit that owns 75 rental units and manages another 600 as a third party. The bank's Senior Vice President serves as president for this organization.

The Community Foundation of Western Massachusetts seeks to enrich the quality of life of the people of the region by encouraging philanthropy, serving as a resource, catalyst, and coordinator for charitable activities, and promoting efficiency in the management of charitable funds. The Community Foundation's "the Program for

Springfield and its Urban Youth” seeks to provide a wide variety of recreational, educational, and cultural programs for Springfield’s youth. The bank’s Senior Vice President serves as the co-chairman for this program.

Springfield Business Development Corporation (SBDC) is an affiliate of the Economic Development Council (EDC) of Western Massachusetts, a regional economic development organization. Its mission is to support private development through cooperative working relationships and funding, consistent with the economic agenda of the City of Springfield. A Senior Vice President of Commercial Lending serves as treasurer and finance committee member on this organization.

South End Community Center is a non-profit organization serving low and moderate-income children, youth, and families in the Springfield community, with a focus on the South End. The bank’s Senior Vice President of Commercial Lending serves on the board of directors and is the treasurer of this organization.

Springfield Habitat for Humanity builds homes primarily for low-income families utilizing donated labor, money, and land, zero interest mortgages, and the future owner’s “sweat equity” or labor. A Bank Director serves a volunteer board member and advisor and as served as a liaison between this non-profit and the Bank of Western Massachusetts. The Assistant Vice President of Government Banking worked on building a home.

Accion USA is the largest “micro” lender in the United States. The organization provides loans ranging from \$500 to \$15,000 to low and moderate-income owners of small businesses with no access to conventional bank credit. Accion USA serves “micro” entrepreneurs either home based or storefront throughout the greater Springfield, Hartford, and Holyoke areas. The bank’s Vice President of Commercial Lending serves on its advisory board.

Hale Meekins Residence Inc. is organized exclusively for charitable and/or educational purposes. The organization provides elderly or handicapped low-income residents with housing facilities and services specifically designed to meet their physical, social, and physiological needs. A Vice President of Commercial Lending serves on the board of this non-profit.

Gray House Inc. is a small neighborhood center located in a low-income census tract in North Springfield that provides for the civic, social, and educational needs of the people in the neighborhood. The center operates a food pantry to serve as a source of emergency food for those in need and a thrift store providing free and low cost clothing and some household goods to adults and children. The center also operates a Community Educational Support Program and Kid’s Club. The bank’s Vice President of Commercial Lending serves as Treasurer and Board Member to this organization. A director of the bank is also on the fundraising committee of this non-profit group.

Boys and Girls Clubs of Chicopee and Western Massachusetts This non-profit youth organization is committed to the physical, educational, emotional, social, recreational, and vocational development of youth, with special interest for the needy and disadvantaged, without discrimination. Both clubs are located in moderate-income census tracts. A Vice President of Commercial Lending serves as chairman and president to both organizations.

The Housing Discrimination Project, Inc. is a private, non-profit fair housing organization that provides education, counseling, and free legal service for anyone who has been illegally denied housing. The bank's Branch Manager and Consumer Loan Officer serves as a board member and treasurer of this organization.

Franklin County United Way provides services targeted to low and moderate-income individuals. The majority of funds are directed to thirteen organizations that serve low and moderate-income individuals. The bank's Assistant Vice President/ Branch Manager serves on the allocations funding committee to review how the annual money is allocated to the non-profits.

Highland Valley Elders Money Management Program assists elders with their monthly financial matters. This non-profit organization provides financial advisory services, along with other social services, to low and moderate-income elderly citizens in the Western Massachusetts area. A Branch Manager and Consumer Loan Officer serves as a member of the advisory council and is a bill payer volunteer.

Franklin County Home Care Corporation has been providing home and community based services for elders and people with disabilities and support to their families in the Franklin County and North Quabbin areas for over 25 years. The bank's Assistant Vice President and Branch Manager has assisted in the money management program that supports the low-income elderly to manage their money.

Work Opportunity Center, Inc. provides a sheltered workshop and supported employment service for the mentally handicapped. The organization serves approximately 80-100 adults. A former Vice President served as director and treasurer for this non-profit agency.

Community Trust Inc. runs a micro-lending program for small businesses that are unable to get a traditional bank loan. The Vice President of Commercial Lending serves as a board member and is on the loan committee for this non-profit organization.

In addition to the above noted organizations, officers, employees and board members of The Bank of Western Massachusetts are also actively involved in business associations in many communities within its assessment area.

Other organizations that officers and employees lend their technical expertise to include civic, charitable, religious and fraternal organizations located throughout the assessment area.

Educational Seminars

Bank officers and employees have participated in seminars and other events sponsored or co-sponsored by the bank during the examination period. These events provide opportunities for bank representatives to inform those in attendance about the products and services offered by the bank and to gain information about unmet credit needs in the assessment area.

In November 2000 and 2001 and 2002, the bank cosponsored two Annual Woman Business Owners Conferences in conjunction with the University of Massachusetts Small Business Development Center Network. The conference provides a networking opportunity for women business owners through their establishment of roundtable groups, which continue to meet throughout the year.

Some of the bank's branches participate in the Savings Makes Cents Program including the Federal Street and Mohawk Trail branches in Greenfield and the Hatfield branch. This school-banking program brings together schools and banks to teach children basic money concepts. The program encourages school children to open savings accounts and to get into the habit of saving regularly.

On October 2000 the bank's staff addressed senior high school students at Mohawk Trail High School. The topics covered were the importance of credit and how to go about establishing it. In addition, retail banking was discussed. This included checking and savings accounts, budgeting, and obtaining loans.

On November 8, 2002, the bank's Branch Manager and Consumer Loan Officer spoke to elementary school students about how math is used in banking. Some of the topics covered included verifying and counting currency for deposits, giving back and counting back change to customers, and how many coins or bills it takes to fill a strap or roll. Also discussed was interest and how it is calculated and how it relates to their savings accounts.

An Assistant Vice President/ Branch Manager regularly participates as a presenter and counselor for Franklin County Housing/ MLB Housing which provides education to low and moderate-income individuals seeking to purchase their first home.

The bank's Vice-President of Commercial Lending during May and June has been conducting a round table discussion about the basics of banking including opening a checking account, etc. This group gets together for one hour each month to discuss these topics and other money matters.

CONCLUSION (Service Test)

As illustrated above, officers and employees of The Bank of Western Massachusetts demonstrated an excellent level of service activity and involvement in community organizations throughout its assessment area. The bank's products and alternative banking services are tailored to the convenience and needs of its assessment area. Therefore, a rating of "Outstanding" is warranted.

METROPOLITAN AREAS

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SPRINGFIELD, MASSACHUSETTS MSA:

The Springfield MSA portion of the bank's Assessment Area includes all towns and cities within what has been designated as Assessment Area 1 with the exception of Chesterfield, Goshen, Westhampton, and Whately which are part of Assessment Area 2 but are added to the Springfield MSA portion of the analysis because they share the same census tract of towns of Sunderland and Whately that are part of the Springfield MSA.

According to the 1990 census information the total population of the Springfield MSA portion of the assessment area is 560,625, and contains 140,020 households that are families of which 21.2 percent are low-income, 16.3 percent are moderate-income, 24.1 percent are middle-income, and 38.4 percent are upper-income. Of 215,255 housing units located in the assessment area, 76.9 percent are 1-4 unit structures and 56.4 percent are owner-occupied. A wide range of housing prices are available in the MSA with median prices for the calendar year 2002 ranging from \$52,800 in rural Goshen to \$232,500 in Longmeadow. The median price in Springfield for the same period was \$90,000.

The assessment area includes 114 census tracts of which 13 are categorized as low-income, 14 as moderate-income, 58 as middle-income, 23 as upper-income, and 6 tracts lists income as not available. Low-income tracts are located in Springfield (8), Holyoke (4), and Amherst (1). Moderate-income tracts are located in Springfield (8), Chicopee (2), and one each in Holyoke, West Springfield, Westfield, and Amherst.

The six tracts designated as "income not available" are located in Springfield (1), Chicopee (1), South Amherst (1), and North Hampton (3) and are the homes of various colleges, nursing homes, mental hospitals and correctional facilities. Given the nature of the demographics and lending opportunities within these tracts, the tracts were deleted from the analysis.

The bank operates 7 branches within the Springfield MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SPRINGFIELD, MASSACHUSETTS MSA:

Overall, the bank's performance within the Springfield, Massachusetts MSA portion of the assessment area is consistent with its performance as a whole.

LENDING TEST

Lending Performance

Approximately 87 percent of the small business loans originated by the bank during 2001 and 2002 were within the MSA portion of the assessment area. In reviewing small business loans, the geographic distribution shows that the bank exceeded aggregate performance in lending to low- and moderate-income tracts, evidencing performance consistent with its distribution overall. In analyzing the small business data by loan size, the bank's performance was consistent with its performance overall.

Details of this analysis can be found in FFIEC Tables 6a and 11a.

Note: In addition to the small business loans listed in these tables the bank originated 174 loans totaling \$33,225,000 to businesses secured by residential real estate mortgages. FFIEC Table 1 Other Products include them in the total optional loans and are not part of this analysis with the exception of being added to the total loans originated within the bank's assessment area.

The bank originated 49 home mortgage loans within the area, which represented approximately 82 percent of the total HMDA loans reported by the bank. The distribution of loans by income category of the census tract was consistent with the bank's performance overall. An analysis of loans by borrower income also yielded similar results to the bank's overall distribution.

Details of this analysis can be found in FFIEC Tables 2a, 4a, 5a, 8a, and 10a.

The bank originated 389 consumer loans within the area, which represented approximately 48 percent of the total consumer loans reported by the bank. The distribution of loans by income category of the census tract was consistent with the bank's performance overall. An analysis of loans by borrower income also yielded similar results to the bank's overall distribution.

Details of this analysis can be found in FFIEC Table 13.

Community Development Loans

All but two of the community development loans granted by the bank over the evaluation period either were to organizations within the MSA portion of the assessment area or to organizations that provide services to this area.

Flexible Lending

All of the programs offered by the bank are available to residents of the MSA portion of the assessment area. One program, the City of Springfield HUD Guarantee program, is specifically aimed at residents of Springfield.

INVESTMENT TEST

A majority of investments are either within the MSA portion of the assessment area or benefit organizations that serve residents of the entire assessment area.

SERVICE TEST

In addition to the main office, BWM maintains 7 branches within the MSA portion of the assessment area. These are located in Amherst, Hatfield, Holyoke, Northampton, Springfield, and Williamsburg (Haydenville). All services and products offered by the bank are available through these offices. Hours are consistent with other institutions and branches are reasonable accessible to all areas of the MSA portion of the assessment area. A significant number of the community development services detailed in the body of this evaluation benefit residents of the area.

NONMETROPOLITAN STATEWIDE AREAS¹

DESCRIPTION OF INSTITUTION' S OPERATIONS IN THE NON-METROPOLITAN AREAS OF MASSACHUSETTS:

The bank's assessment areas include a number of towns that are not part of any MSA. The Non-MSA portion of the assessment area includes the towns of Ashfield, Bernardston, Buckland, Charlemont, Colrain, Conway, Deerfield, Gill, Greenfield, Hawley, Heath, Leyden, Monroe, Montague, Rowe, and Shelburne. All of the towns are located in Franklin County and none are located in an MSA. The area contains only 10 census tracts of which 2 are classified as moderate-income, 7 as middle-income, and 1 as upper-income. There are no low-income tracts in Assessment Area 2. The 2 moderate-income tracts are located in the Town of Greenfield.

As previously stated, within the Non-MSA portion of the bank's assessment area there are 4 towns, (Chesterfield, Goshen, Westhampton and Whatley) which share census tracts with towns that are within the Springfield, Massachusetts MSA and are not included in the analysis of the Non-MSA portion of the bank's assessment area.

According to 1990 census information the Non-MSA portion of the bank's area has a total population of 47,848 and contains 12,716 households that are families of which 20.0 percent are low-income, 18.2 percent are moderate-income, 27.0 percent are middle-income and 34.8 percent are upper-income.

The Non-MSA portion of the bank's assessment area contains 20,903 housing units of which 84.3% are 1-4 family structures and 58.9% are owner-occupied. Housing costs in the area are reasonable with most towns listing median housing prices ranging from \$30,000 to \$140,000. Although new housing permit activity is low, permits have remained steady in Franklin County at between 83 and 104 annually over the past two years.

The bank currently maintains 5 branches in the non-MSA area in Conway (1), Deerfield (1), Greenfield (2), and Shelburne (1).

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¹The discussion of an institution's CRA performance within a Nonmetropolitan statewide area is only required for institutions with branches in two or more states. A separate discussion of CRA performance within a Nonmetropolitan statewide area for intrastate banks that have branches in metropolitan and Nonmetropolitan areas is optional because the performance in the Nonmetropolitan areas has been reviewed and discussed in the overall evaluation of the institution.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NON-METROPOLITAN AREAS OF MASSACHUSETTS

LENDING TEST

Overall, the bank's performance within the NON-MSA portion of the assessment area is consistent with its performance as a whole.

In the area of small business lending, BWM originated 178 loans in the non-metropolitan portion of the assessment area, or approximately 16 percent of its total small business originations. Of these, 17.8 percent were in moderate-income tracts, 77.8 percent in middle-income tracts, and 4.4 percent in upper-income tracts. The concentration in middle-income tracts is not surprising, since data obtained from Dun and Bradstreet through CRA WIZ shows that approximately 65.4 percent of the area's business establishments are located in middle-income tracts.

When the bank's distribution of loans by loan size is analyzed, the percentage of loans under \$100,000 is only slightly less than the percentage of such loans overall, leading to a conclusion that the bank is serving the needs of very small businesses within this portion of the assessment area. In addition, analyzing the small business data by loan size, the bank's performance significantly exceeded aggregate lending data.

Details of this analysis can be found in FFIEC Tables 6a and 11a.

Note: In addition to the small business loans listed in these tables the bank originated 23 loans totaling \$2,429,000 to businesses secured by residential real estate mortgages. FFIEC Table 1 Other Products include them in the total optional loans and are not part of this analysis with the exception of being added to the total loans originated within the bank's assessment area.

The bank originated 11 home mortgage loans in the non-metropolitan portion of the assessment areas. An analysis of the home purchase and home refinance loans by income level of the census tract shows a distribution of 100 percent in middle income tracts. As there are no low-income tracts and only 2 moderate-income tracts within the non-MSA portion of the assessment area, comparison with the bank's overall performance would not result in any viable conclusions. The high percentage of loans in middle-income tracts is not surprising given the fact that 81.0 percent of the households reside in tracts of this income level. Analysis of the multifamily loans by income level of the census tract shows a distribution of 25.0 percent in the moderate-income census tracts and does not compare well to aggregate lending data. Performance in this area is considered reasonable considering that BWM is not a major originator of home mortgages, mortgage applications are processed through their affiliate, and for having chosen to concentrate its resources on commercial and small business lending in its assessment area.

The distribution of loans by borrower income does not compare to the bank's overall performance for low- and moderate-income borrowers. BWM did not originate any loans to low- and moderate-income borrowers in the non-metropolitan areas. The distribution is not consistent with overall performance for moderate-income borrowers. However, due to the small number of loans involved, any differences are not considered material. Details of this analysis can be found in FFIEC Tables 2a, 4a, 5a, 8a, and 10a.

The bank originated 421 consumer loans within the area, which represented approximately 52 percent of the total consumer loans reported by the bank. The distribution of loans by income category of the census tract was consistent with the bank's performance overall. An analysis of loans by borrower income also yielded similar results to the bank's overall distribution.

Details of this analysis can be found in FFIEC Table 13.

Overall, the distribution of loans by income category of the census tract was consistent with the bank's performance overall. An analysis of loans by borrower income also yielded similar results to the bank's overall distribution.

Community Development Loans

The bank granted two loans, which are classified as community development loans within this portion of the assessment area. All of the community development loans granted by the bank within the MSA portion of the assessment area provide services to the Non-MSA portion of the bank's assessment area.

Innovative and Flexible Lending Programs

All but one of the flexible lending programs offered by the bank are available to borrowers in this portion of the assessment areas. Only the City of Springfield HUD Guarantee Program is limited to applicants inside the MSA portion of the assessment area.

INVESTMENT TEST

Two qualified investments were made to organizations that provide benefits to the non-metropolitan areas, the Mass Ventures Equity Fund, L.P., and the Massachusetts Development Finance Agency bond issued for Tri-County Youth Services. In addition, a number of the qualified grants and contributions benefited organizations that provide services to the non-metropolitan areas.

SERVICE TEST

The bank's performance under the service test is consistent with its performance overall. Of the bank's 12 offices, 5 are located in non-metropolitan area towns. The same products and services are available as are available in branches within the MSA, and hours are similar. The majority of the community development services identified at this examination benefit the non-metropolitan areas.

APPENDIX A

SCOPE OF EXAMINATION:

The Bank of Western Massachusetts
SCOPE OF EXAMINATION: Full scope review of the bank's performance in two assessment areas using the Large Bank Examination Procedures.
TIME PERIOD REVIEWED: January 1, 2001 through December 31, 2002 for lending analysis. Community development lending, investments, and services from June 20, 2000 to June 2, 2002.
PRODUCTS REVIEWED: CRA reportable small business loans and HMDA reportable loans, and consumer loans from January 1, 2001 to December 31, 2002.

LIST OF AFFILIATES AND PRODUCTS REVIEWED			
AFFILIATE(S):	AFFILIATE RELATIONSHIP:		PRODUCTS REVIEWED:
Chittenden Trust Company d.b.a. Chittenden Bank Burlington, Vermont	Wholly subsidiary Chittenden Corporation	owned of	None
Flagship Bank and Trust Company Worcester, Massachusetts	Wholly subsidiary Chittenden Corporation	owned of	None
Ocean National Bank of Kennebunk Kennebunk, Maine	Wholly subsidiary Chittenden Corporation	owned of	None
Granite Bank Keene, New Hampshire	Wholly subsidiary Chittenden Corporation	owned of	None
Maine Bank and Trust Maine	Wholly subsidiary Chittenden Corporation	owned of	None

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE EXAMINATION:	OF BRANCHES VISITED:	OTHER INFORMATION:
Springfield MSA (Assessment Area 1)	Full Scope	1	
Non-metropolitan areas (Assessment Area 2)	Full Scope	0	

APPENDIX B - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates, which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX C - INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX D - STANDARD PE LANGUAGE

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

FFIEC Interagency Core CRA Public Evaluation Tables

OVERALL LENDING DATA

Depending on the number of optional loan products being considered in the CRA evaluation, Table 1 can consist of two separate and distinct “subtables”.

Table 1: Lending Volume

- Presents the number and dollar amount of reportable loans originated and purchased by the institution and its affiliates, if applicable, over the entire evaluation period by assessment area. The deposit data in this table are compiled by the FDIC and are available only as of June 30th of each year.

Table 1: Other Products

- Presents the number and dollar amount of any unreported category of loans originated and purchased by the institution and its affiliates, if applicable, also being considered during the CRA evaluation.

Examples include consumer loans or other data an institution may provide concerning its lending performance.

LENDING PRODUCTS*

Table 2 and 2a: Geographic Distribution** of Home Purchase Loans

Table 3 and 3a: Geographic Distribution of Home Improvement

Table 4 and 4a: Geographic Distribution of Home Mortgage Refinance Loans

Table 5 and 5a: Geographic Distribution of Multifamily Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies.
- Presents the most recent aggregate or market share data available.

* Whenever a table has a column for a “% of Total,” the percentage should be of the total for the *rated area*, not the overall institution.

** None of the tables containing information relating to distribution by income level of geography (Tables 2 and 2a through 6 and 6a and tables 13 and 14) include a column for geographies that have not been assigned an income classification. These are commonly referred to as “NA” geographies. As such, the sum of the distribution in low-, moderate-, middle-, and upper-income geographies in an assessment area may not equal 100 percent. Loans lacking income data are not included in the calculation of the distribution by income level of geography.

Table 6 and 6a: Geographic Distribution of Small Loans to Businesses

- Shows the percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of businesses (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

Table 7 and 7a: Geographic Distribution of Small Loans to Farms

- Shows the percentage distribution of the number of small loans (less than or equal to \$500 thousand) to farms originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of farms (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

Table 8 and 8a: Borrower Distribution of Home Purchase Loans

Table 9 and 9a: Borrower Distribution of Home Improvement Loans

Table 10 and 10a: Borrower Distribution of Home Mortgage Refinance Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each assessment area.
- Presents the most recent aggregate or market share data available.

Table 11 and 11a: Borrower Distribution of Small Loans to Businesses

Table 12 and 12a: Borrower Distribution of Small Loans to Farms

- Compares the percentage distribution of the number of small loans (for businesses, less than or equal to \$1 million; for farms, less than or equal to \$500 thousand) originated and purchased by the institution and its affiliates, if applicable, to

businesses or farms with revenues of \$1 million or less to the percentage distribution of businesses or farms with revenues of \$1 million or less or.

- Presents the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, by loan size, regardless of the revenue size of the business or farm.
- Presents the most recent aggregate or market share data available.

Table 13: Geographic and Borrower Distribution of Consumer Loans

- For geographic distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies with the percentage distribution of households within each geography.
- For borrower distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each assessment area.

INVESTMENTS AND BRANCHES

Table 14: Qualified Investments

- Presents the number and dollar amount of qualified investments made by the institution and its affiliates, if applicable, in each assessment area.
- Presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period.
- Presents the number and dollar amount of unfunded qualified investment commitments.

In some instances, an institution will receive consideration for qualified investments that may not be located in any of the institution's assessment areas. These may be qualified investments made to statewide or regional entities or outside the institution's assessment area.² In these situations, the examiner should insert a line item with the appropriate caption, either "Statewide/Regional" or "Out of Assessment Area," in the MSA/Assessment Area column and record the corresponding number and amount in the "Qualified Investments" column.

Table 15: Distribution of Branch Delivery System and Branch Openings/Closings

- Compares the percentage distribution of the number of the institution's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population residing in each geography in each MSA/assessment area.
- Presents data on branch openings and closings in each MSA/assessment area.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

The Bank of Western Massachusetts

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JUNE 2, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

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